FORM 51-102F3
MATERIAL CHANGE REPORT

1. NAME AND ADDRESS OF COMPANY

Ivanhoe Energy Inc. (the "**Company**")
Suite 654, 999 Canada Place
Vancouver, British Columbia
V6E 3E1

2. DATE OF MATERIAL CHANGE

October 15, 2012

3. NEWS RELEASE

The news release was issued on October 15, 2012 and was disseminated through the facilities of recognized newswire services. A copy of the news release was filed on SEDAR.

4. SUMMARY OF MATERIAL CHANGE

The Company's wholly-owned subsidiary, Sunwing Zitong Energy Ltd. has entered into a definitive Sale and Purchase Agreement with Shell China Exploration and Production Company Limited ("**Shell China**"), a subsidiary of Royal Dutch Shell plc, pursuant to which Sunwing has agreed to sell to Shell China its participating interest in a production sharing agreement with China National Petroleum Corporation and Mitsubishi Gas Chemical Company, Inc. ("**Mitsubishi**") in respect of the Zitong Block in China's Sichuan Basin.

5. FULL DESCRIPTION OF MATERIAL CHANGE

The Company's wholly-owned subsidiary, Sunwing Zitong Energy Ltd. ("**Sunwing**") has entered into a definitive Sale and Purchase Agreement (the "**SPA**") with Shell China Exploration and Production Company Limited ("**Shell China**"), a subsidiary of Royal Dutch Shell pursuant to which Sunwing has agreed to sell to Shell China its participating interest in a production sharing agreement with China National Petroleum Corporation ("**CNPC**") and Mitsubishi in respect of the Zitong Block in China's Sichuan Basin (the "**Production Sharing Agreement**"). The SPA formalizes the terms of the Memorandum of Understanding entered into between Sunwing and Shell China on January 11, 2012.

As consideration for the sale of Sunwing's participating interest in the Production Sharing Agreement, Shell China has agreed to pay to Sunwing US$85 million. If, but only if, all conditions precedent to the completion of the transaction are satisfied by December 31, 2012, Shell China will pay to Sunwing an additional US$20 million. Shell China will also assume a US$20 million performance bond made by Sunwing for the benefit of CNPC to secure Sunwing's obligations under the Production Sharing Agreement.

The transactions contemplated by the SPA are subject to the fulfilment of certain conditions precedent, including the approval of the Ministry of Commerce of the People's Republic of China ("**MofCom**"). Shell China has the right to terminate the SPA if all such conditions precedent are not fulfilled within 12 months of the date upon which Sunwing applies for MofCom's approval of the transactions contemplated by the SPA.

6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not applicable.

7. OMITTED INFORMATION

No information has been intentionally omitted from this form.

8. EXECUTIVE OFFICER

The name and business number of the executive officer of the Company who is knowledgeable of the material change and this report is:

Gerald Schiefelbein
Chief Financial Officer
21st Floor, 101-6th Avenue SW
Calgary, Alberta
T2P 3P4

Telephone: 1 (403) 817-1107

9. DATE OF REPORT

DATED at Vancouver, British Columbia this 18th day of October, 2012.